

Governor Linda Lingle

Director Darwin L.D. Ching

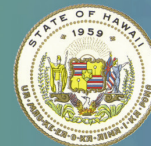
Department of Labor & Industrial Relations

01/05/10 Update

Re: Alternatives to Unemployment Insurance Tax Increases



01/05/10 U



DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS

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UI Program Goals

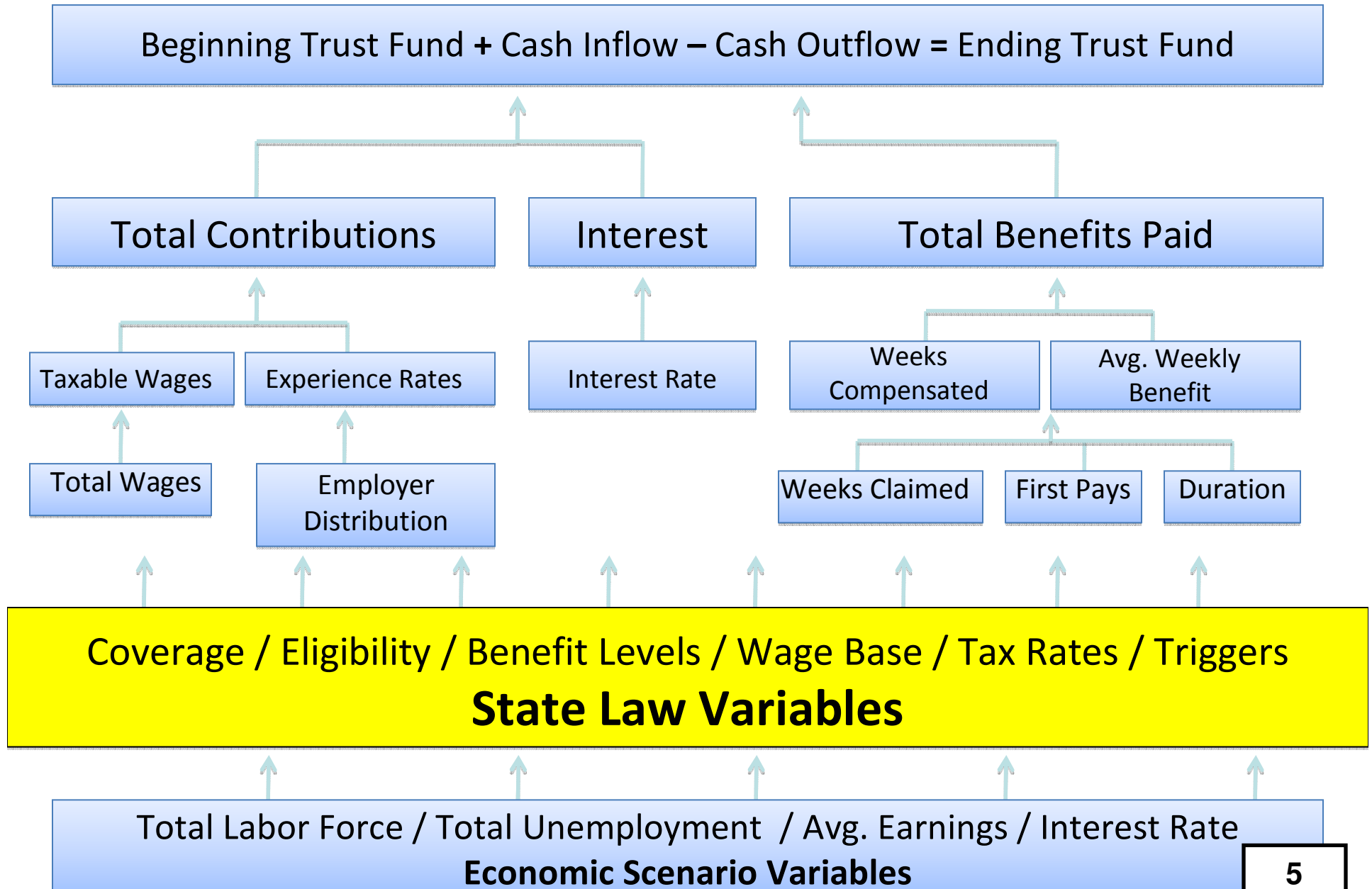
- The UI Program has 4 goals:
 - Provide temporary wage replacement for individuals who lose a job through no fault of their own
 - Protect employers against dispersal of trained workforce while temporary shutdowns are necessary
 - Facilitate reemployment
 - Help Stabilize the economy
 - On average, each \$1 spent on UI benefits generate \$2.15 in Gross Domestic Product (GDP) through the multiplier.
 - Without the UI Program, GDP would decline an additional 15 percent, on average during recessions.



Summary

- **Goal = tax moderation to keep workers fully employed**
 - Provide UI tax relief to businesses
 - Replenish the trust fund
 - Obtain consensus and quick legislative relief
- **Implementation Issues**
 - Focus on adjusting state law variables - tax rate and wage base
 - Obtain full legislative support
 - 3/12/10 Administrative Deadline

Unemployment Insurance System Modeling



**Outstanding State Loans for UI Trust Funds from
the Federal Government** (As of 12/31/09 - see
www.workforcesecurity.doleta.gov/unemploy/budget.asp)



DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS

Alabama	\$146,094,356.07
Arkansas	\$222,616,471.53
California	\$5,984,689,268.91
Connecticut	\$179,616,478.04
Florida	\$951,700,000.00
Georgia	\$70,000,000.00
Idaho	\$107,054,625.22
Illinois	\$1,168,532,438.68
Indiana	\$1,488,584,178.02
Kentucky	\$576,700,000.00
Michigan	\$3,159,082,333.32
Minnesota	\$281,123,117.00
Missouri	\$474,345,222.88
Nevada	\$127,070,694.99
New Jersey	\$964,118,333.38
New York	\$2,160,188,545.55
North Carolina	\$1,606,700,136.94
Ohio	\$1,727,937,799.00
Pennsylvania	\$1,871,458,161.70
Rhode Island	\$127,522,284.00
South Carolina	\$692,036,608.00
South Dakota	\$7,732,293.32
Texas	\$1,322,511,655.99
Virgin Islands	\$8,386,556.12
Virginia	\$122,434,000.00
Wisconsin	\$922,007,743.19

Total = \$26,470,243,301.85

Hawaii Unemployment Compensation Fund Status



DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund				Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME	OUTGO	BALANCE				
				Taxes	Interest					
2008										
Jan	2.9%	1.27%	7,520	5,884,573	6,782,703	12,846,083	552,005,441			
Feb	2.8%	1.32%	7,852	11,433,430	8,383	11,506,075	551,941,179			
Mar	2.9%	1.33%	7,898	13,381	15,223	13,015,492	538,954,290			
Apr	3.1%	1.41%	8,350	8,290,647	6,802,916	13,907,226	540,140,627			
May	3.4%	1.54%	9,149	16,067,654	-4,867	15,361,780	540,841,633			
Jun	4.4%	1.69%	10,018	96,584	6,501,325	18,249,665	529,189,878			
Jul	4.3%	1.81%	10,777	4,684,177	-5,128	18,231,203	515,637,723			
Aug	4.3%	1.95%	11,615	6,565,963	9,051	17,493,699	504,719,038			
Sep	4.6%	2.04%	12,109	-13,354	6,022,281	21,415,808	489,312,158			
Oct	4.4%	2.17%	12,906	2,718,646	0	21,017,006	471,013,798			
Nov	5.0%	2.29%	13,658	3,589,300	7,808	20,552,352	454,058,555			
Dec	5.1%	2.50%	14,860	66,972	5,369,430	28,736,028	430,758,928	Schedule A		
CY 2008	3.9%	1.78%	11,611	59,397,972	31,509,125	212,332,417	430,758,928	0.7%	\$13,000	\$90
2009										
Jan	6.1%	2.77%	16,441	1,904,055	-2,721	27,034,275	405,625,987			
Feb	6.4%	2.98%	17,736	3,365,512	-3,493	28,094,774	383,073,711*			
Mar	7.0%	3.16%	18,782	-278,979	4,538,880	35,118,096	352,215,516			
Apr	6.9%	3.35%	19,820	8,931,143	-6,386	32,124,535	322,165,684*			
May	7.2%	3.48%	20,619	12,886,974	-3,226	31,740,303	303,309,129			
Jun	8.0%	3.56%	21,054	33,266	3,494,313	36,186,672	279,785,004*			
Jul	7.2%	3.62%	21,245	4,229,983	-8,446	31,929,595	251,825,950*			
Aug	7.1%	3.58%	21,027	4,940,468	1,359	32,829,923	243,838,908*			
Sep	7.4%	3.54%	20,760	101,540	2,795,210	31,135,480	214,875,814*			
Oct	7.1%	3.50%	20,308	2,065,908	-3,533	28,032,870	188,680,587*			
Nov		3.46%	19,991	3,851,929	-8,034	30,392,780	161,906,928*	Schedule A		
Jan-Nov 2009				42,031,798	10,793,921	344,619,302	161,906,928*	0.7%	\$13,000	\$90



Hawaii Unemployment Compensation Fund Projections 2009 through 2011

Unemployment Rate Projections	2009	2010	2011	2012	2013	2014
UHERO 12/18/2009	7.0%	7.3%	6.7%	5.9%	5.4%	4.9%
UHERO 9/25/2009	7.4%	8.1%	7.5%	6.6%	5.9%	
Brewbaker- BOH 10/15/2009	7.9%	8.4%				
Laney - FHB 11/5/2009	7.2%	7.5%				

UHERO 12/18/2009 Total Unemployment Rate forecast of 7.0% in 2009, 7.3% in 2010, 6.7% in 2011

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME	OUTGO	BALANCE			
				Taxes	Interest				
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145			
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998			
4th Qtr		3.46%	20,100	5,800,000	1,400,000	93,700,000			
CY 2009	7.0%	3.45%	20,300	41,900,000	12,200,000	379,900,000	127,900,000*	Schedule A 0.7%	\$13,000 \$90
1st Qtr		3.55%	20,300	5,000,000	400,000	94,000,000	39,300,000		
2nd Qtr		3.55%	20,300	107,000,000	600,000	95,000,000	51,900,000		
3rd Qtr		3.55%	20,300	93,000,000	500,000	96,000,000	49,400,000		
4th Qtr		3.55%	20,300	71,000,000	300,000	97,000,000	23,700,000		
CY 2010	7.3%	3.55%	20,300	276,000,000	1,800,000	382,000,000	23,700,000	Schedule F 2.75%	\$38,800 \$1,070
1st Qtr		3.20%	18,300	50,000,000	0	87,000,000	-13,300,000		
2nd Qtr		3.20%	18,300	160,000,000	200,000	87,000,000	59,900,000		
3rd Qtr		3.20%	18,300	138,000,000	700,000	88,000,000	110,600,000		
4th Qtr		3.20%	18,300	105,000,000	800,000	88,000,000	128,400,000		
CY 2011	6.7%	3.20%	18,300	453,000,000	1,700,000	350,000,000	128,400,000	Schedule H 3.90%	\$39,100 \$1,520



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UHERO 9/25/2009 Total Unemployment Rate forecast of 7.4% in 2009, 8.1% in 2010, 7.5% in 2011

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund				Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				Taxes	Interest	OUTGO	BALANCE			
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145	352,215,515*	Schedule A 0.7%	\$13,000	\$90
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,004*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.55%	20,600	6,000,000	1,300,000	97,000,000	125,200,000			
CY 2009	7.4%	3.50%	20,400	42,100,000	12,100,000	383,200,000	125,200,000*			
1st Qtr		3.70%	21,400	5,000,000	300,000	99,000,000	32,000,000	Schedule F 2.75%	\$38,800	\$1,070
2nd Qtr		3.75%	21,700	107,000,000	300,000	102,000,000	37,000,000			
3rd Qtr		3.80%	22,000	93,000,000	300,000	104,000,000	26,000,000			
4th Qtr		3.70%	21,500	71,000,000	0	102,000,000	-5,000,000			
CY 2010	8.1%	3.74%	21,600	276,000,000	900,000	407,000,000	-5,000,000			
1st Qtr		3.50%	20,300	50,000,000	0	96,000,000	-51,000,000	Schedule H 3.90%	\$39,100	\$1,520
2nd Qtr		3.50%	20,300	160,000,000	0	95,000,000	14,000,000			
3rd Qtr		3.50%	20,300	138,000,000	400,000	96,000,000	56,000,000			
4th Qtr		3.50%	20,300	105,000,000	600,000	96,000,000	66,000,000			
CY 2011	7.5%	3.50%	20,300	453,000,000	1,000,000	383,000,000	66,000,000			

Brewbaker 10/15/2009 Total Unemployment Rate forecast of 7.9% in 2009, 8.4% in 2010, UHERO = 7.5% in 2011

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund				Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				Taxes	Interest	OUTGO	BALANCE			
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145	352,215,515*	Schedule A 0.7%	\$13,000	\$90
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,004*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		4.50%	26,100	6,000,000	1,300,000	123,000,000	99,200,000			
CY 2009	7.9%	3.70%	21,800	42,100,000	12,100,000	409,200,000	99,200,000*			
1st Qtr		4.20%	24,300	5,000,000	0	113,000,000	-9,000,000	Schedule F 2.75%	\$38,800	\$1,070
2nd Qtr		4.00%	23,200	107,000,000	0	108,000,000	-10,000,000			
3rd Qtr		4.00%	23,200	93,000,000	0	110,000,000	-27,000,000			
4th Qtr		4.00%	23,200	71,000,000	0	111,000,000	-67,000,000			
CY 2010	8.4%	4.10%	21,600	276,000,000	0	442,000,000	-67,000,000			
1st Qtr		3.50%	20,300	50,000,000	0	96,000,000	-113,000,000	Schedule H 3.90%	\$39,100	\$1,520
2nd Qtr		3.50%	20,300	160,000,000	0	95,000,000	-48,000,000			
3rd Qtr		3.50%	20,300	138,000,000	0	96,000,000	-6,000,000			
4th Qtr	(Sept UHERO)	3.50%	20,300	105,000,000	0	96,000,000	3,000,000			
CY 2011	7.5%	3.50%	20,300	453,000,000	0	383,000,000	3,000,000			



Laney 11/5/2009 Total Unemployment Rate forecast of 7.2% in 2009, 7.5% in 2010, UHERO = 7.5% in 2011

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME	OUTGO	BALANCE			
				Taxes	Interest				
1st Qtr		3.25%	19,313	4,990,587	4,532,665	90,247,145			
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998			
4th Qtr		3.30%	19,100	6,000,000	1,600,000	90,000,000			
CY 2009	7.2%	3.41%	20,100	42,100,000	12,400,000	376,200,000	132,500,000*	Schedule A 0.7%	\$13,000 \$90
1st Qtr		3.60%	20,800	5,000,000	800,000	97,000,000	41,000,000		
2nd Qtr		3.60%	20,800	107,000,000	400,000	97,000,000	51,000,000		
3rd Qtr		3.50%	20,300	93,000,000	400,000	96,000,000	48,000,000		
4th Qtr		3.50%	20,300	71,000,000	300,000	97,000,000	22,000,000		
CY 2010	7.5%	3.50%	20,600	276,000,000	1,900,000	387,000,000	23,000,000	Schedule F 2.75%	\$38,800 \$1,070
1st Qtr		3.50%	20,300	50,000,000	0	96,000,000	-23,000,000		
2nd Qtr		3.50%	20,300	160,000,000	0	95,000,000	42,000,000		
3rd Qtr		3.50%	20,300	138,000,000	600,000	96,000,000	85,000,000		
4th Qtr	(Sept UHERO)	3.50%	20,300	105,000,000	900,000	96,000,000	95,000,000		
CY 2011	7.5%	3.50%	20,300	453,000,000	1,500,000	383,000,000	95,000,000	Schedule H 3.90%	\$39,100 \$1,520

Summary:

Tax schedules are still F in 2010 and H in 2011 under current law and economic projections.

CURRENT LAW



DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS

	Specific Adjustments	CY	UHERO Projected Total Unemployment Rate (12/09)	Benefits to be Paid (in millions)	End of Year Fund Balances (in millions)	Interest on Federal Loans (in millions)	Adequate Reserve Amount (in millions)	Taxes to be Collected (in millions)
CURRENT LAW		2009	7.0%	\$380	\$128		\$257	\$42
		2010	7.3%	\$382	\$24	\$0	\$383	\$276
		2011	6.7%	\$350	\$128	\$0	\$581	\$453
		2012	5.9%	\$308	\$262	\$0	\$611	\$433
		2013	5.4%	\$292	\$358	\$0	\$638	\$374
		2014	4.9%	\$270	\$488	\$0	\$667	\$381

Total Tax Savings (in millions)	Adj. to Tax Schedule	Taxable Wage Base	Tax Rate per Schedule			Annual Taxes Per Employee See Note 5			Annual Tax Cut per Employee See Note 6		
			Minimum	Average	Maximum	Min	Avg	Max	Min	Avg	Max
N.A.	A	\$13,000	0%	0.70%	5.40%	\$0	\$90	\$700			
	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	N.A.	N.A.	N.A.
	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110			
	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170			
	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210			
	F	\$42,000	1.20%	2.75%	5.40%	\$180	\$1,160	\$2,270			

STATE LAW VARIABLES (ORIGINAL PROPOSED ADJUSTMENTS)

	Type of Adjustment	Specific Adjustments	CY	UHERO Projected Total Unemployment Rate	Benefits to be Paid (in millions)	End of Year Fund Balances (in millions)	Interest on Federal Loans (in millions)	Adequate Reserve Amount (in millions)	Taxes to be Collected (in millions)	Total Tax Savings (in millions)	Adj. to Tax Schedule	Taxable Wage Base	Tax Rate per Schedule			Annual Taxes Per Employee See Note 5			Annual Tax Cut per Employee See Note 6			Comments
													Minimum	Average	Maximum	Min	Avg	Max	Min	Avg	Max	
CURRENT LAW			2009	7.1%	\$380	\$128		\$257	\$42		A	\$13,000	0%	0.70%	5.40%	\$0	\$90	\$700				Current Law Projections
			2010	8.1%	\$402	\$3	\$0	\$383	\$276		F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100				
			2011	7.5%	\$383	\$75	\$0	\$581	\$453	N.A.	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	N.A.	N.A.	N.A.	
			2012	6.6%	\$347	\$231	\$0	\$611	\$497		H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170				
			2013	5.9%	\$316	\$314	\$0	\$638	\$386		F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210				
Alt #	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V
1	Tax Schedule	Set "E" as default	2010	8.1%	\$402	<\$51>	\$0	\$383	\$222	\$54	E	\$38,800	0.60%	2.20%	5.40%	\$90	\$850	\$2,100	\$90	\$220	\$0	High negative balance and interest See Note 4
			2011	7.5%	\$383	<\$167>	\$6	\$581	\$267	\$186	E	\$39,100	0.60%	2.20%	5.40%	\$90	\$860	\$2,110	\$270	\$660	\$0	
			2012	6.6%	\$347	<\$233>	\$10	\$611	\$281	\$216	E	\$40,100	0.60%	2.20%	5.40%	\$90	\$880	\$2,170	\$270	\$680	\$0	
			2013	5.9%	\$316	<\$257>	\$11	\$638	\$292	\$94	E	\$41,000	0.60%	2.20%	5.40%	\$90	\$900	\$2,210	\$90	\$230	\$0	
2	Tax Schedule	Set "E" for 2010	2010	8.1%	\$402	<\$51>	\$0	\$383	\$222	\$54	E	\$38,800	0.60%	2.20%	5.40%	\$90	\$850	\$2,100	\$90	\$220	\$0	2010 tax relief only
			2011	7.5%	\$383	\$9	\$0	\$581	\$443	\$10	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$347	\$161	\$0	\$611	\$497	\$0	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	\$0	\$0	\$0	
			2013	5.9%	\$316	\$303	\$0	\$638	\$450	<\$64>	G	\$41,000	1.80%	3.30%	5.40%	\$270	\$1,350	\$2,210	<\$90>	<\$220>	\$0	
3	Tax Schedule	Set "E" for 2010; *G for 2011	2010	8.1%	\$402	<\$51>	\$0	\$383	\$222	\$54	E	\$38,800	0.60%	2.20%	5.40%	\$90	\$850	\$2,100	\$90	\$220	\$0	2010 & 2011 tax relief; low debt service; negative tax relief in 2013 alleviated by combining alternative #3 and #4 to #5.
			2011	7.5%	\$383	<\$52>	\$2	\$581	\$382	\$71	G	\$39,100	1.80%	3.30%	5.40%	\$270	\$1,290	\$2,110	\$90	\$230	\$0	
			2012	6.6%	\$347	\$88	\$0	\$611	\$486	\$11	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	\$0	\$0	\$0	
			2013	5.9%	\$316	\$295	\$0	\$638	\$517	<\$131>	H	\$41,000	2.40%	3.90%	5.40%	\$360	\$1,600	\$2,210	<\$180>	<\$470>	\$0	
4	Tax Schedule / Adequate Reserve	Change Adequate Reserve (AR) multiplier from 1.5 to 1.0 from 2011	2010	8.1%	\$402	\$3	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No immediate tax relief because fund balance is so low.
			2011	7.5%	\$383	\$75	\$0	\$388	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$347	\$165	\$0	\$408	\$433	\$64	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170	\$90	\$240	\$0	
			2013	5.9%	\$316	\$231	\$0	\$426	\$374	\$12	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	
5	Tax Schedule / Adequate Reserve	Adjust AR multiplier from 1.5 to 1.0 and set "E" for 2010 and "G" for 2011	2010	8.1%	\$402	<\$51>	\$0	\$383	\$222	\$54	E	\$38,800	0.60%	2.20%	5.40%	\$90	\$850	\$2,100	\$90	\$220	\$0	Combination of tax relief and Adequate reserve adjustment.
			2011	7.5%	\$383	<\$52>	\$2	\$388	\$382	\$71	G	\$39,100	1.80%	3.30%	5.40%	\$270	\$1,290	\$2,110	\$90	\$230	\$0	
			2012	6.6%	\$347	\$88	\$0	\$408	\$486	\$11	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	\$0	\$0	\$0	
			2013	5.9%	\$316	\$227	\$0	\$426	\$450	<\$64>	G	\$41,000	1.80%	3.30%	5.40%	\$270	\$1,350	\$2,210	<\$90>	<\$220>	\$0	
6	Wage Base	Change Taxable Wage Base from 100% to 50% of average annual wage	2010	8.1%	\$402	<\$94>	\$0	\$383	\$179	\$97	F	\$19,400	1.20%	2.75%	5.40%	\$180	\$530	\$1,050	\$0	\$540	\$1,050	Low wage employers will not benefit from low wage base; high negative balances and interest due. See Note 4.
			2011	7.5%	\$383	<\$179>	\$7	\$581	\$298	\$155	H	\$19,800	2.40%	3.90%	5.40%	\$360	\$760	\$1,060	\$0	\$760	\$1,050	
			2012	6.6%	\$347	<\$197>	\$8	\$611	\$329	\$168	H	\$20,100	2.40%	3.90%	5.40%	\$360	\$780	\$1,090	\$0	\$780	\$1,080	
			2013	5.9%	\$316	<\$172>	\$8	\$638	\$341	\$45	H	\$20,500	2.40%	3.90%	5.40%	\$360	\$800	\$1,110	<\$180>	\$330	\$1,100	
7	Benefits	Change maximum weeks of benefits from 26 weeks to 20 weeks	2010	8.1%	\$362	\$44	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No immediate tax relief because fund balance is so low. No tax relief until 2012.
			2011	7.5%	\$345	\$155	\$0	\$581	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$312	\$284	\$0	\$611	\$433	\$64	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170	\$90	\$240	\$0	
			2013	5.9%	\$284	\$386	\$0	\$638	\$374	\$12	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	
8A	Benefits	Change MWBA formula from 75% to 70% of average wklv wage (70% from 2011); See Note 2	2010	8.1%	\$390	\$16	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No tax relief. Formula automatically returns to 70% from 2011.
			2011	7.5%	\$383	\$87	\$0	\$581	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$347	\$242	\$0	\$611	\$497	\$0	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	\$0	\$0	\$0	
			2013	5.9%	\$316	\$323	\$0	\$638	\$386	\$0	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	
8B	Benefits	Change MWBA formula from 75% to 60%. See Note 2	2010	8.1%	\$366	\$40	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No tax relief until 2012.
			2011	7.5%	\$361	\$135	\$0	\$581	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$326	\$248	\$0	\$611	\$433	\$64	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170	\$90	\$240	\$0	
			2013	5.9%	\$296	\$338	\$0	\$638	\$374	\$76	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	
8C	Benefits	Change MWBA formula from 75% to 50%. See Note 2	2010	8.1%	\$334	\$73	\$0	\$383	\$276	\$0	F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100	\$0	\$0	\$0	No tax relief until 2012.
			2011	7.5%	\$330	\$200	\$0	\$581	\$453	\$0	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	\$0	\$0	\$0	
			2012	6.6%	\$298	\$345	\$0	\$611	\$433	\$64	G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170	\$90	\$240	\$0	
			2013	5.9%	\$272	\$462	\$0	\$638	\$374	\$12	F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210	\$0	\$0	\$0	

Department of Labor & Industrial Relations

(UPDATED AS OF 09/25/09 - PLEASE CHECK OUR WEBSITE AT HAWAII.GOV/LABOR FOR THE LATEST UPDATES)

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Analysis

- **Adjustments Analysis:**
 - Focus is on tax rate and wage base adjustments only
 - Reduction of benefits yields little immediate tax relief because of low trust fund balance
 - Wage base adjustments alone do not benefit small business owners/low wage employers
 - Interest on federal loans must be paid by general fund dollars or special surcharge
 - Adequate reserve ratio irrelevant until we have high balance
 - 3/12/10 administrative deadline for adjustments
- **Final Criteria:**
 - Balancing Macro Tax Savings v. Negative Fund Balance and High Interest Payments
- **Stakeholder proposal:** (See R8)
- **Stakeholder proposal:** (See C2)

COMPARISON OF STAKEHOLDER ALTERNATIVES



DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS

	Specific Adjustments	CY	UHERO Projected Total Unemployment Rate (12/09)	Benefits to be Paid (in millions)	End of Year Fund Balances (in millions)	Interest on Federal Loans (in millions)	Adequate Reserve Amount (in millions)	Taxes to be Collected (in millions)	Total Tax Savings (in millions)	Adj. to Tax Schedule	Taxable Wage Base	Tax Rate per Schedule			Annual Taxes Per Employee See Note 5			Annual Tax Cut per Employee See Note 6		
												Minimum	Average	Maximum	Min	Avg	Max	Min	Avg	Max
CURRENT LAW		2009	7.0%	\$380	\$128		\$257	\$42		A	\$13,000	0%	0.70%	5.40%	\$0	\$0	\$700			
		2010	7.3%	\$382	\$24	\$0	\$383	\$276		F	\$38,800	1.20%	2.75%	5.40%	\$180	\$1,070	\$2,100			
		2011	6.7%	\$360	\$128	\$0	\$681	\$463	N.A.	H	\$39,100	2.40%	3.90%	5.40%	\$360	\$1,520	\$2,110	N.A.	N.A.	N.A.
		2012	5.9%	\$308	\$262	\$0	\$611	\$433		G	\$40,100	1.80%	3.30%	5.40%	\$270	\$1,320	\$2,170			
		2013	5.4%	\$292	\$368	\$0	\$638	\$374		F	\$41,000	1.20%	2.75%	5.40%	\$180	\$1,130	\$2,210			
		2014	4.9%	\$270	\$488	\$0	\$667	\$381		F	\$42,000	1.20%	2.75%	5.40%	\$180	\$1,160	\$2,270			
Alt #	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
R8	2010: TWB 90% / Sched D 2011: TWB 100% / Sched G	2010	7.3%	\$382	<\$77>	\$0	\$383	\$177	\$89	D	\$34,900	0.20%	1.80%	5.40%	\$30	\$630	\$1,880	\$150	\$440	\$220
		2011	6.7%	\$360	<\$62>	\$2	\$681	\$375	\$78	G	\$39,100	1.80%	3.30%	5.40%	\$270	\$1,290	\$2,110	\$90	\$230	\$0
		2012	5.9%	\$308	\$128	\$0	\$611	\$486	<\$53>	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	<\$90>	<\$240>	\$0
		2013	5.4%	\$292	\$294	\$0	\$638	\$460	<\$76>	G	\$41,000	1.80%	3.30%	5.40%	\$270	\$1,360	\$2,210	<\$90>	<\$220>	\$0
		2014	4.9%	\$270	\$483	\$0	\$667	\$392	<\$11>	F	\$42,000	1.20%	2.75%	5.40%	\$180	\$1,160	\$2,270	\$0	\$0	\$0
UI	2010: TWB 50% 2011: TWB 100% / Sched G	2010	7.3%	\$382	<\$75>	\$0	\$383	\$179	\$87	F	\$19,400	1.20%	2.75%	5.40%	\$180	\$530	\$1,050	\$0	\$540	\$1,050
		2011	6.7%	\$360	<\$46>	\$2	\$681	\$380	\$73	G	\$39,100	1.80%	3.30%	5.40%	\$270	\$1,290	\$2,110	\$90	\$230	\$0
		2012	5.9%	\$308	\$135	\$0	\$611	\$486	<\$53>	H	\$40,100	2.40%	3.90%	5.40%	\$360	\$1,560	\$2,170	<\$90>	<\$240>	\$0
		2013	5.4%	\$292	\$302	\$0	\$638	\$460	<\$76>	G	\$41,000	1.80%	3.30%	5.40%	\$270	\$1,360	\$2,210	<\$90>	<\$220>	\$0
		2014	4.9%	\$270	\$441	\$0	\$667	\$392	<\$11>	F	\$42,000	1.20%	2.75%	5.40%	\$180	\$1,160	\$2,270	\$0	\$0	\$0
C2	Adeq Res=1x Set EEFF TWB=70% then 80%	2010	7.3%	\$382	<\$72>	\$0	\$383	\$181	\$85	E	\$27,200	0.80%	2.20%	5.40%	\$60	\$600	\$1,470	\$90	\$470	\$630
		2011	6.7%	\$360	<\$190>	\$7	\$388	\$232	\$221	E	\$31,300	0.80%	2.20%	5.40%	\$60	\$690	\$1,690	\$270	\$630	\$420
		2012	5.9%	\$308	<\$196>	\$8	\$408	\$302	\$131	F	\$32,100	1.20%	2.75%	5.40%	\$180	\$680	\$1,730	\$90	\$440	\$440
		2013	5.4%	\$292	<\$164>	\$7	\$426	\$324	\$60	F	\$32,800	1.20%	2.75%	5.40%	\$180	\$900	\$1,770	\$0	\$230	\$440
		2014	4.9%	\$270	\$23	\$0	\$444	\$457	<\$76>	H	\$33,600	2.40%	3.90%	5.40%	\$360	\$1,310	\$1,810	<\$180>	<\$150>	\$450

COMPARISON OF STAKEHOLDER ALTERNATIVES (**NOTES**)



DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS

1. Projections assumes 12/09 UHERO projected unemployment rates: 2010 = 7.3%; 2011 = 6.7%; 2012 = 5.9%; 2013 = 5.4%; 2014 = 4.9%
2. NA
3. Adequate Reserve multiplier for R8 and UI automatically reverts to 1.5 beginning with 2011 tax schedule computation. C2 assumes multiplier is changed to 1 from 2011; has no immediate effect on tax schedules for forecast period because tax schedules are set at E, E, F, F; the adequate reserve amount is not used to set the tax schedule for those years.
4. Interest must be paid by special assessment and/or general funds; cannot be paid from UI trust fund balance.
5. Taxes per Employee: Minimum = lowest tax rate on schedule times wages for minimum wage worker; Average = average tax rate times taxable wage base; Maximum = highest tax rate on schedule times taxable wage base
6. Tax Savings per Employee: Minimum = tax savings at lowest tax rate for minimum wage worker; Average = tax savings at average tax rate for worker paid taxable wage base; Maximum = tax savings at highest tax rate for worker paid taxable wage base



TRUST FUND AND LEGISLATION SURVEY

12/9/09

STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
AL	Insolvent – 9/09 federal loan	Taxable wage base \$8,000. Min/Max tax rate = 0.44%/6.04%	Tax increase in 2010.	
AK		Taxable wage base \$32,700. Min/Max tax rate = 1.00%/5.40%		
AZ		Tax rate schedule adjustments by calculating the fund ratio and identifying required income rate. Taxable wage base \$7,000. Min/Max tax rate = 0.02%/5.40%		None planned.
AR	Insolvent – 3/09 federal loan	Taxable wage base \$10,000, \$12,000 in 2010. Min/Max tax rate = 0.90%/6.80%	Increases taxable wage base to \$12,000 in 2010.	
CA	Insolvent – 1/09 federal loan (\$17.8 billion deficit by 12/2010 if no changes.)	15% surcharge required when trust fund below specified level. (Tax collection of \$11 billion for 2009-2010.) Taxable wage base \$7,000. Min/Max tax rate = 1.50%/6.20%		Proposed: increase taxable wage base to \$16,000 in 2009 or \$21,000 upon enactment.
CO		Taxable wage base \$10,000. Min/Max tax rate = 0.0%/5.4%		
CT	Insolvent – 10/09 federal loan	Taxable wage base \$15,000. Min/Max tax rate = 1.90%/6.80%		
DE		Taxable wage base \$10,500. Min/Max tax rate = 1.00%/8.00%		
DC		Taxable wage base \$9,000. Min/Max tax rate = 1.30%/6.60%		
FL	Insolvent - 8/09 federal loan	<u>Automatic provisions to increase tax rates but trust fund level was adjusted downward in 2002.</u> Taxable wage base \$7,000; \$8,500 in 2010 – 2014. Min/Max tax rate = 0.12%/5.40%	Temporarily increases taxable wage base to \$8,500 in 2010 to 2014.	



STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
GA	Insolvent – 12/09 federal loan	Taxable wage base \$8,500. Min/Max tax rate = 0.025%/5.40%		
HI		Taxable wage base \$13,000; \$37,800 in 2010. Min/Max tax rate = 0.00%/5.40%		
ID	Insolvent – 6/09 federal loan	Employer tax rate increases 70% and maximum weekly benefit amount decreases 3% in 2009. Taxable wage base \$33,200. Min/Max tax rate = 0.447%/5.40%	70% tax rate increase in 2009. Adjusts benefits in conjunction with taxes.	
IL	Insolvent – 7/09 federal loan	Taxable wage base \$12,300. Min/Max tax rate = 0.60%/6.80%		
IN	Insolvent – 11/08 federal loan	Taxable wage base \$7,000. Min/Max tax rate = 1.10%/5.60%	Increases taxable wage base to \$9,500 in 2010; hike in tax rate.	
IA		Taxable wage base \$23,700. Min/Max tax rate = 0.00%/8.00%		
KS		Taxable wage base \$8,000. Min/Max tax rate = 0.00%/7.40%		
KY	Insolvent – 1/09 federal loan	Taxable wage base \$8,000. Min/Max tax rate = 1.00%/10.00%	Freeze benefit increases if trust fund level drops.	Created UI Task Force in 2009.
LA		Taxable wage base \$7,000. Min/Max tax rate = 0.10%/6.20%		
ME		Taxable wage base \$12,000. Min/Max tax rate = 0.44%/5.40%	Tax increase in 2010.	
MD		Taxable wage base \$8,500. Min/Max tax rate = 0.60%/9.00%	2005 law introduced trigger mechanism.	UI Oversight Committee.



STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
MA		Employer & govt contribute to fund. Taxable wage base \$14,000. Min/Max tax rate = 1.26%/12.27%		No tax rate freeze. May impose higher tax on certain employers such as construction & seasonal.
MI	Insolvent – 12/07 federal loan	Solvency tax applicable to negative balance employers during period of federal loan – deferred due to ARRA. Employers with positive reserve balance as of a certain date receive 50% SUTA credit of the increased expense due to FUTA credit reduction of .3% beginning 2010. Taxable wage base \$9,000. Min/Max tax rate = 0.60%/10.30%		Tax policy work group. Education efforts since 9/08. Likely recommend TWB increase.
MN	Insolvent – 7/09 federal loan	Taxable wage base \$26,000. Min/Max tax rate = 0.556%/10.70%		
MS		Taxable wage base \$7,000. Min/Max tax rate = 0.70%/5.40%		
MO	Insolvent 2/09 – federal loan	No automatic provisions for fund or automatic rate increase. Tax rates increased 30% when average balance in fund is less than \$350m. Taxable wage base \$12,500. Min/Max tax rate = 0.00%/9.75%		Unemployment Council formed. No plans to raise tax rates in 2010.
MT		10 rate schedules, automatic rate increases, and taxable wage base changes according to trust fund level. Taxable wage base \$25,100. Min/Max tax rate = 0.00%/6.12%		
NE		Taxable wage base \$9,000. Min/Max tax rate = 0.00%/5.40%	Tax rate increase in 2010.	



STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
NV	Insolvent – 11/09 federal loan	Taxable wage base \$27,000. Min/Max tax rate = 0.25%/5.40%	Emergency regulation for 120 days to keep reduced tax rates.	Employment Security Council urges no change to tax. Gov wanted to lower tax. Taxes will have to go up in 2011.
NH		Taxable wage base \$8,000. Min/Max tax rate = 0.10%/6.50%	Increases taxable wage base to \$10,000 in 2010, \$12,000 in 2011, & \$14,000 in 2012. 1 week delay in benefits.	
NJ	Insolvent – 3/09 federal loan	Transferred state money to trust fund to prevent tax increase. Taxable wage base \$28,900. Min/Max tax rate = 0.30%/5.40%	25% reduction in tax when fund reserves exceed cap.	
NM		Taxable wage base \$20,800. Min/Max tax rate = 0.03%/5.40%		
NY	Insolvent – 1/09 federal loan	Taxable wage base \$8,500. Min/Max tax rate = 0.70%/8.70%		
NC	Insolvent – 2/09 federal loan	Taxable wage base \$19,300. Min/Max tax rate = 0.00%/6.84%		
ND		Taxable wage base \$23,700. Min/Max tax rate = 0.20%/9.86%	Increases taxable wage base to \$24,700 in 2010.	
OH	Insolvent – 1/09 federal loan	Taxable wage base \$9,000. Min/Max tax rate = 0.30%/9.00%		
OK		Taxable wage base \$14,200. Min/Max tax rate = 0.10%/5.50%	Freeze benefit increases.	
OR		Taxable wage base \$31,300. Min/Max tax rate = 0.90%/5.40%		



STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
PA	Insolvent – 3/09 federal loan	Automatic solvency taxes when trust fund reaches certain levels but capped at 1988 levels. Taxable wage base \$8,000. Min/Max tax rate = 1.8370%/13.1576%		No plans to raise TWB.
PR		Taxable wage base \$7,000. Min/Max tax rate = 1.40%/5.40%		
RI	Insolvent – 3/09 federal loan	When trust fund level is below 0 at the end of the second month of a quarter, automatic surtax of .3% added to employer's tax rate. Taxable wage base \$18,000. Min/Max tax rate = 1.69%/9.79%	Waive the surtax while tax waiver on interest due to federal loan in effect. Allows gov to make <u>interfund</u> transfer from TDI fund to UI fund.	Round table meeting w/employers, labor, government to be scheduled.
SC	Insolvent – 10/08 federal loan	Taxable wage base \$7,000. Min/Max tax rate = 1.14%/6.00%	Increases taxable wage base from to \$12,000 & modify tax rate schedule.	Round table forum – surcharge & increase TWB?
SD	Insolvent federal loan	Taxable wage base \$10,000. Min/Max tax rate = 0.00%/8.50%	Surcharge of 1.5% effective 10/09.	UI Advisory Council
TN		Taxable wage base \$9,000. Min/Max tax rate = 0.50%/10.00%	Increases taxable wage base from \$7,000 to \$9,000 in 2009 & raised tax rate 0.6%.	Raise taxes & consider automatic increases.
TX	Insolvent 7/09 federal loan	Tax rates adjusted based on trust fund balance as of 10/1. If balance is below 1% of taxable wages then employer's prior tax rate is adjusted up by a "deficit ratio". Taxable wage base \$9,000. Min/Max tax rate = 0.26%/6.26%	Tax rate increase in 2010 to 0.72%/8.6%.	No plans to raise TWB.
UT		Taxable wage base \$27,800. Min/Max tax rate = 0.20%/9.20%		



STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
VT	Insolvent 12/09?	Taxable wage base \$8,000. Min/Max tax rate = 0.80%/6.50%	Increases taxable wage base to \$10,000 in 2010; freeze weekly benefit amount.	Unemployment committee – tax increase for employers & benefit cuts for employees.
VA	Insolvent 11/09 federal loan	Taxable wage base \$8,000. Min/Max tax rate = 0.18%/6.28%	Higher tax rates. Fund builder tax 1/1/10 and deduct 50% of SSA.	Economic Crisis Strike Force created 5/09.
VI	Insolvent federal loan	Taxable wage base \$22,100. Min/Max tax rate = 0.00%/6.00%		
WA		Automatic adjustments to employer rates depending on balance in trust fund. Taxable wage base \$35,700. Min/Max tax rate = 0.00%/5.40%	Employers charged based on 2 highest quarter of wages. Reduced rates in schedule & reduced triggers for the social cost factor.	
WI	Insolvent – 2/09 federal loan	Higher tax schedules if reserve fund balance is reduced. Current state law limits amount of tax increase for employer. Taxable wage base \$12,000; \$13,000 in 2011; \$14,000 in 2013. Min/Max tax rate = 0.00%/8.5%		Increase taxes, decrease benefits.
WV		Recd one-time transfer from worker's comp of \$40m. Taxable wage base \$12,000 but decreases to \$9,000 when trust fund balance exceeds \$220m. Min/Max tax rate = 1.50%/7.50%	Temporarily increases taxable wage base to \$12,000 in 2009 until trust fund level increases & thereafter indexed to annual wages. Freeze benefit increases until trust fund level rises.	



STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
WY		Taxable wage base \$21,500. Min/Max tax rate = 0.30%/9.10%		



Free UI Federal Loan Provisions

- Section 2004 of Public Law 111-5 waived payment of interest on loans made by states to continue payment of unemployment insurance benefits. The amendments provided that any interest due on loans during February 17, 2009 to December 31, 2010 is waived. Further, no interest accrues on any advances made during this period.
- No loans are needed for 2010.



Impact of the Furlough/Layoffs on the UI Trust Fund

- No direct impact on the UI Trust Fund as no unemployment payouts would occur under HRS § 383. (25 hours worked / 15 hours max. furlough per week)
- Fund is not depleted by State Worker UI benefits paid since under HRS § 383-62, the State is a reimbursable employer – the State pays dollar for dollar UI benefits to State workers.
- Layoffs would also not deplete fund balance. (Layoff savings would be initially diminished by benefit payouts estimated to be a maximum of 62% for the initial 26 weeks.)



UI Taxes – 1970 - 1989

CY	Tax Schedule ¹	Minimum Tax Rate	Maximum Tax Rate	New Employer Tax Rate	Average Tax Rate ¹	Taxable Wage Base ²	Average taxes at Taxable Wage Base ³	New Employer taxes at Taxable Wage Base ⁴	Minimum taxes at Taxable Wage Base ⁵	Maximum taxes at Taxable Wage Base ⁶
1970	II	0.4%	3.0%	3.0%	1.2%	\$5,500	\$70	\$165	\$20	\$170
1971	II	0.4%	3.0%	3.0%	1.4%	\$6,000	\$80	\$180	\$20	\$180
1972	I	0.8%	3.0%	3.0%	1.9%	\$6,300	\$120	\$189	\$50	\$190
1973	I	0.8%	3.0%	3.0%	1.8%	\$6,500	\$120	\$195	\$50	\$200
1974	I	0.8%/1.3%	3.0%	3.0%	1.9%	\$6,800	\$130	\$204	\$50	\$200
1975	I	1.3%/3.0%	3.0%	3.0%	2.6%	\$7,300	\$190	\$219	\$90	\$220
1976	-	3.0%	3.0%	3.0%	2.9%	\$7,800	\$230	\$234	\$230	\$230
1977	-	3.5%	3.5%	3.5%	3.5%	\$9,300	\$330	\$326	\$330	\$330
1978	-	3.5%	3.5%	3.5%	3.5%	\$9,800	\$340	\$343	\$340	\$340
1979	1.6%	1.8%	4.5%	4.5%	2.8%	\$10,400	\$290	\$468	\$190	\$470
1980	0.8%	1.0%	4.5%	4.5%	2.1%	\$11,200	\$240	\$504	\$110	\$500
1981	0.4%	0.6%	4.5%	4.5%	1.8%	\$12,200	\$220	\$549	\$70	\$550
1982	0.4%	0.6%	4.5%	4.5%	1.8%	\$13,100	\$240	\$590	\$80	\$590
1983	0.8%	1.0%	4.5%	4.5%	2.3%	\$13,800	\$320	\$621	\$140	\$620
1984	0.4%	0.6%	4.5%	4.5%	1.9%	\$14,600	\$280	\$657	\$90	\$660
1985	0.0%	0.2%	5.4%	3.6%	1.6%	\$15,100	\$240	\$544	\$30	\$820
1986	0.0%	0.2%	5.4%	3.6%	1.7%	\$15,600	\$270	\$562	\$30	\$840
1987	0.0%	0.2%	5.4%	3.6%	1.7%	\$16,500	\$280	\$594	\$30	\$890
1988	-0.5%	0.0%	5.4%	3.1%	1.3%	\$8,700	\$110	\$270	\$0	\$470
1989	-0.5%	0.0%	5.4%	3.1%	1.3%	\$18,600	\$240	\$577	\$0	\$1,000



UI Taxes – 1990 - 2008

1990	-0.5%	0.0%	5.4%	3.1%	1.3%	\$19,900	\$260	\$617	\$0	\$1,070
1991	-0.5%	0.0%	5.4%	3.1%	1.3%	\$7,000	\$90	\$217	\$0	\$380
1992	A	0.0%	5.4%	1.7%	0.6%	\$22,700	\$140	\$386	\$0	\$1,230
1993	B	0.0%	5.4%	1.9%	1.0%	\$23,900	\$240	\$454	\$0	\$1,290
1994	B	0.0%	5.4%	1.9%	1.1%	\$25,000	\$280	\$475	\$0	\$1,350
1995	D	0.2%	5.4%	3.0%	2.2%	\$25,500	\$560	\$765	\$50	\$1,380
1996	D	0.2%	5.4%	3.0%	2.1%	\$25,800	\$540	\$774	\$50	\$1,390
1997	D	0.2%	5.4%	3.0%	1.9%	\$26,000	\$490	\$780	\$50	\$1,400
1998	D	0.2%	5.4%	3.0%	1.8%	\$26,400	\$480	\$792	\$50	\$1,430
1999	D	0.2%	5.4%	3.0%	1.7%	\$27,000	\$460	\$810		\$1,460
2000	D	0.2%	5.4%	3.0%	1.7%	\$27,500	\$470	\$825	\$60	\$1,490
2001	C	0.0%	5.4%	2.4%	1.1%	\$28,400	\$310	\$682	\$0	\$1,530
2002	C	0.0%	5.4%	2.4%	1.2%	\$29,300	\$350	\$703	\$0	\$1,580
2003	D	0.2%	5.4%	3.0%	1.7%	\$30,200	\$510	\$906	\$60	\$1,630
2004	C	0.0%	5.4%	2.4%	1.2%	\$31,000	\$370	\$744	\$0	\$1,670
2005	C	0.0%	5.4%	2.4%	1.3%	\$32,300	\$420	\$775	\$0	\$1,740
2006	C	0.0%	5.4%	2.4%	1.3%	\$34,000	\$440	\$816	\$0	\$1,840
2007	B	0.0%	5.4%	1.9%	0.8%	\$35,300	\$280	\$671	\$0	\$1,910
2008	A	0.0%	5.4%	1.7%	0.7%	\$13,000	\$90	\$221	\$0	\$700

Shaded areas indicate temporary changes due to special legislation.

¹ From 1970 to 1978, one of three tax schedules triggered on depending on level of the fund; effective July 1, 1974 through March 31, 1975 all employers' tax rates were increased by 0.5%, up to a maximum of 3.0%; from April 1975 through the end of 1976, all employers paid 3.0% tax rate; for 1977 and 1978 all employers paid 3.5% tax rate; from 1979 to 1991, depending on ratio of current to adequate reserve, a fund solvency rate ranging from -0.5% to +2.4% was triggered on each year and added to each employer's basic contribution rate; from 1992 to the present, one of eight tax schedules, A through H triggers on depending on ratio of current to adequate reserve; for 2002, Schedule C remained in effect due to special legislation as a result of terrorist attacks.

² CY 1988, taxable wage base cut by special legislation due to high fund balance; CY 1991, wage base set at \$7,000 by special legislation due to Persian Gulf War;

CY 2008-2010, taxable wage base set at \$13,000 by special legislation; 2010 base reverts to regular formula (100% of average annual wage) as fund drops below Adequate Reserve level.

³ Taxable wage base times average tax rate

⁴ Taxable wage base times new employer tax rate

⁵ Taxable wage base times minimum tax rate

⁶ Taxable wage base times maximum tax rate



Average UI Employee Taxes

(UI Taxes on an employee with annual wages at or above taxable wage base at average tax rate)

YEAR	Tax Wage Base (TWB)	X	TAX SCHEDULE	=	AVG. TAXES AT TWB
2007	\$35,300	X	Schedule B 0.8%	=	\$280
2008 (Act 110)	\$13,000	X	Schedule A 0.7%	=	\$90
2009 (Based on fund balance at end of 2008)	\$13,000	X	Schedule A 0.7%	=	\$90
Projection 2010	\$38,800	X	Schedule F 2.75%	=	\$1,070
Projection 2011	\$39,100	X	Schedule H 3.9%	=	\$1,520



DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

Number of Employers by Industry Sectors and 2009 Tax Rates under Schedule A with Comparison to Schedule F Tax Rates

Col 1: Tax rates assigned to employers for calendar year 2009 under Schedule A.

Col 2: Tax rates under Schedule F, projected to be in effect for calendar year 2010. For 2010, employers may move into different groups based on their 2009 tax and benefit experience.

This table shows that employers are distributed among a wide range of tax rates within industry groups.

For example, although employers in the Construction industry (Col 5) tend to experience high unemployment, 349 employers are assigned the zero rate for calendar year 2009.

New employers are assigned the 1.7% tax rate under Schedule A. This is the reason for the large number of employers in Col 21, Unknown industry in the 1.7% group. New employers do not qualify for experience rating until they have one year of employment and their industry assignment may still be pending.

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16	Col 17	Col 18	Col 19	Col 20	Col 21	Col 22	Col 23
2009 Tax Rates Schedule A	Schedule F Tax Rates	Natural Resources & Mining	Utilities	Construction	Manufacturing	Wholesale Trade	Retail Trade	Transportation & Warehousing	Information	Finance & Insurance	Real Estate, Rental & Leasing	Professional & Technical Services	Management of Companies & Enterprises	Administrative & Waste Services	Educational Services	Health Care & Social Assistance	Arts, Entertainment & Recreation	Accommodation & Food Service	Other Services, except Public Administration	Unknown Industry	All Employers	Percent distribution
0.0%	1.2-2.0%	132	13	349	363	778	1125	220	130	383	686	1306	55	498	146	1338	104	724	1353	9	9712	31%
0.1%	2.2%	20	2	103	62	128	211	34	26	73	93	200	18	105	35	170	50	196	212	5	1743	6%
0.3%	2.4%	16	2	117	46	117	231	37	20	61	98	170	9	95	26	178	31	196	169	2	1621	5%
0.5%	2.6%	27	1	102	56	89	170	41	20	52	77	194	12	106	38	149	34	198	167	4	1537	5%
0.7%	2.8%	16	3	120	43	108	148	50	21	57	85	190	10	110	31	112	22	153	159	1	1439	5%
0.9%	3.0%	15	1	142	50	104	162	42	23	57	85	206	16	105	28	110	25	131	155	9	1466	5%
1.1%	3.2%	37	8	300	89	180	361	100	44	128	170	455	29	275	63	243	61	335	327	85	3290	11%
1.3%	3.6%	22	2	196	41	59	140	58	21	36	58	127	4	138	23	106	24	156	120	8	1339	4%
1.7%	4.0%	38	4	468	84	214	350	104	102	154	201	576	19	362	83	263	79	397	331	1109	4938	16%
2.1%	4.4%	12		222	24	26	65	19	17	17	23	55	3	60	9	27	4	51	57	1	692	2%
2.5%	5.0%	9	1	143	16	13	21	15	8	6	20	28	3	26	6	10	9	17	55		406	1%
2.9%	5.4%	18	1	397	20	30	42	23	25	16	28	79	1	53	8	19	9	23	102	4	898	3%
3.4%	5.4%	11		137	4	2	6	4		2	7	10	1	6	3	4	2		7	2	208	1%
4.1%	5.4%	8		51	2	2		1	1	1	1	1	1	2		1	4	2	1		79	0%
4.7%	5.4%	2		23	3	1	1		1	1		3							1		36	0%
5.4%	5.4%	42	2	270	61	66	136	74	40	54	64	152	5	141	19	80	29	158	135	340	1868	6%
Total		425	40	3140	964	1917	3169	822	499	1098	1696	3752	186	2082	518	2810	487	2737	3351	1579	31272	100%



DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

Employment (Number of Workers in calendar year 2008) by Industry Sectors and 2009 Tax Rates under Schedule A with Comparison to Schedule F Tax Rates

Col 1: Tax rates assigned to employers for calendar year 2009 under Schedule A

Col 2: Tax rates under Schedule F, projected to be in effect for calendar year 2010. For 2010, employers may move into different groups based on their 2009 tax and benefit experience.

This table shows the number of workers the employers in Table 1 employed in calendar year 2008. Employment is also distributed among a wide range of tax rates within industry groups. Using the same group in the Table 1 example, Construction industry, (Col 5), the 349 employers assigned the zero rate for calendar year 2009 had 1,656 workers in 2008.

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16	Col 17	Col 18	Col 19	Col 20	Col 21	Col 22	Col 23
2009 Tax Rates Schedule A	Schedule F Tax Rates	Natural Resources & Mining	Utilities	Construction	Manufacturing	Wholesale Trade	Retail Trade	Transportation & Warehousing	Information	Finance & Insurance	Real Estate, Rental & Leasing	Professional & Technical Services	Management of Companies & Enterprises	Administrative & Waste Services	Educational Services	Health Care & Social Assistance	Arts, Entertainment & Recreation	Accommodation & Food Service	Other Services, except Public Administration	Unknown Industry	All Employers	Percent distribution
0.0%	1.2-2.0%	1327	2304	1656	6504	7605	31921	11641	5336	12051	3901	8164	290	6787	3037	15178	2815	30455	8859	42	159873	35%
0.1%	2.2%	318	414	959	1408	2775	7453	1063	1438	1521	1098	2035	158	3398	587	2855	1699	9624	1958	3	40764	9%
0.3%	2.4%	156	161	1221	963	2275	10686	927	291	2141	1490	1535	46	2247	393	2654	676	10963	2385		41210	9%
0.5%	2.6%	651	16	807	727	854	4673	1340	340	469	850	2088	91	2782	770	2514	998	10303	1851	2	32126	7%
0.7%	2.8%	185	61	1147	717	1077	3232	922	296	704	918	1481	13	4161	316	2806	419	4851	1065		24371	5%
0.9%	3.0%	981	9	1216	644	1280	2265	1251	693	350	1382	1230	82	3509	312	3774	726	5494	968	4	26170	6%
1.1%	3.2%	330	71	1695	738	961	3195	968	547	465	765	1998	178	6252	448	2595	389	6025	1626	83	29329	6%
1.3%	3.6%	983	26	2898	911	491	2232	2610	446	417	720	1212	45	4036	343	3481	418	6999	1251	9	29528	6%
1.7%	4.0%	949	4	3658	583	557	1996	1435	747	515	704	1483	24	11261	362	1736	585	3716	989	311	31615	7%
2.1%	4.4%	326		4196	375	247	523	1114	179	137	155	281	75	2948	29	132	84	1421	269		12491	3%
2.5%	5.0%	179	3	4077	309	32	61	268	25	9	82	149	6	246	52	26	52	890	163		6629	1%
2.9%	5.4%	274		8614	52	53	99	263	574	19	55	456	1	296	36	51	62	136	257	6	11304	2%
3.4%	5.4%	284		2006	32	1	35	2			10	18		17	6	5			3		2419	1%
4.1%	5.4%	36		417	1	2		1	67	2	2	1	12	11		2	131	3			688	0%
4.7%	5.4%	2		395	230	1	1		57			1									687	0%
5.4%	5.4%	55	2	500	150	120	250	1172	69	80	160	289	7	396	61	226	112	1948	219	83	5899	1%
Total		7036	3071	35462	14344	18331	68622	24977	11105	18880	12292	22421	1028	48347	6752	38035	9166	92828	21863	543	455103	100%



Estimated UI Taxes at Schedules A through H on CY 2010 and CY 2011

Note: Taxes are collected on a one quarter lag, so taxes shown below will be collected from April of the current year through March of the following year.

Tax Schedule	Estimated Average Tax Rate	Estimated taxes	
		CY 2010	CY 2011
A	0.71%	\$82,700,000	\$86,200,000
B	0.90%	\$104,800,000	\$109,300,000
C	1.35%	\$157,200,000	\$163,900,000
D	1.80%	\$209,700,000	\$218,500,000
E	2.20%	\$256,300,000	\$267,100,000
F	2.75%	\$320,300,000	\$333,900,000
G	3.30%	\$384,400,000	\$400,600,000
H	3.90%	\$454,300,000	\$473,500,000
Estimated taxable wages:		\$11,648,100,000	\$12,140,600,000



Estimated Unemployment Insurance (UI) Taxes Per Employee for Calendar Year 2010

UI taxes owed per employee = employer's tax rate times wages paid to employee.

Wages taxed per employee per year limited to "taxable wage base" (TWB) amount. No taxes due on wages over TWB.
TWB for calendar year 2010 = \$38,800.

Employer's UI tax rates vary depending on their tax and benefit experience and the Tax Schedule in effect for the year.
Projected Tax Schedule for CY 2010 = F
Under Schedule F: Employer tax rates range from minimum of 1.2% to maximum of 5.4%.

The following tables show the estimated UI taxes per employee at Schedule F at three levels of wages.

Taxes on an employee earning the MINIMUM WAGE

Hourly wage:

\$7.25

Annual wage (40 hrs/wk x 52 weeks)

\$15,080

	If Schedule F	
	Tax Rate	CY 2010 taxes
If employer is at minimum tax rate	1.20%	\$180
If employer tax rate is average tax rate	2.75%	\$410
If employer is at maximum tax rate	5.40%	\$810



Taxes on an employee earning \$10 PER HOUR

Hourly wage:

\$10.00

Annual wage (40 hrs/wk x 52 weeks)

\$20,800

If Schedule F

Tax Rate

CY 2010 taxes

If employer is at minimum tax rate

1.20%

\$250

If employer tax rate is average tax rate

2.75%

\$570

If employer is at maximum tax rate

5.40%

\$1,120

Taxes on an employee earning \$20 (OR MORE) PER HOUR

Hourly wage:

\$20.00

Annual wage (40 hrs/wk x 52 weeks)

\$41,600

Wages taxed, limited to TWB:

\$38,800

Employee was paid more than the TWB of \$38,800, therefore wages in excess of TWB not subject to UI tax.

If Schedule F

Tax Rate

CY 2010 taxes

If employer is at minimum tax rate

1.20%

\$470

If employer tax rate is average tax rate

2.75%

\$1,070

If employer is at maximum tax rate

5.40%

\$2,100

How to Calculate Your Unemployment Insurance Contribution Rate



DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS



Information Needed

- 2009 Contribution Rate Notice
 - Reserve Balance 2008
 - Annual Taxable Payroll for 2007 and 2008
- 2009 Statement of Benefit Charges – Quarterly
- 2009 Contributions Paid – Quarterly Filings, UC-B6
- Contribution Rate Schedule - A to H
- 2009 Estimated Annual Taxable Payroll

Contribution Rate Notice



DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
UNEMPLOYMENT INSURANCE DIVISION

ABC Corporation

830 Punchbowl St.
Honolulu, HI 96813

ACCOUNT NUMBER

FEIN

DATE MAILED

DATE COMPILED

LIABLE DATE

0001234567

99-9999999

03/20/09

03/13/09

01/01/89

CONTRIBUTION RATE NOTICE
FOR CALENDAR YEAR 2009

YOUR CONTRIBUTION RATE AND EMPLOYMENT AND TRAINING ASSESSMENT RATE FOR
CALENDAR YEAR 2009 ARE LISTED BELOW

CONTRIBUTION RATE 1.1%

E&T ASSESMENT RATE .01%

THE TABULATION SHOWS ANNUAL TAXABLE PAYROLL AND CONTRIBUTION DATA
REPORTED ON YOUR QUARTERLY CONTRIBUTION REPORTS FOR 2006, 2007, AND 2008, AND
BENEFITS CHARGED TO YOUR ACCOUNT FOR 2008.

RESERVE 12/31/07	78,690.00
CONTRIBUTIONS +	21,293.00
2008 BENEFITS CHARGED	779.00

ANNUAL TAXABLE PAYROLL	
2006	1,500,420.00
2007	2,100,500.00
2008	1,400,200.00

RESERVE 12/31/08	99,204.00
------------------	-----------

ANNUAL AVG	1,667,040.00
------------	--------------

RESERVE RATIO (RESERVE 12/31/08 / AVERAGE ANNUAL PAYROLL) = .0595

CONTRIBUTION RATE SCHEDULE IN EFFECT:

A

Statement of Benefit Charges



DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS

LIPBR51R 1 STATE OF HAWAII, DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS
10/01/08 UNEMPLOYMENT INSURANCE DIVISION

00:27:36.8 STATEMENT OF BENEFIT CHARGES PAGE 1

ABC Corporation
830 Punchbowl St.
Honolulu, HI 96713

EMPLOYER NO 0001040197
QUARTER ENDING 09/30/08
STATEMENT DATE 10/01/08

SOCIAL SECURITY NO	CLAIMANT NAME	BENEFIT YR BEGIN	YOUR %	Y R	CHARGE	CREDIT
545-51-5154	Smith, Bruce	04/20/08	59.565	8	526.56	
		TOTAL			526.56	.00

NET CHARGE/CREDIT TO YOUR RESERVE \$526.56

Form UC-B6



DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
UNEMPLOYMENT INSURANCE DIVISION
**QUARTERLY WAGE, CONTRIBUTION AND
EMPLOYMENT AND TRAINING ASSESSMENT REPORT**

DO NOT WRITE IN THIS SPACE

TAX OFFICE RECEIVED DATE

ABC CORPORATION
830 PUNCHBOWL ST.
HONOLULU, HI. 96813

FEIN 999999999

ACCOUNT # 0001040197

For Quarter Ending Delinquent After

033110 043010

1) EMPLOYEE'S SSN#

2) EMPLOYEE'S NAME (LAST, FIRST)

3) TOTAL QTR WAGES PAID

INTERNET FILERS:

To complete the filing process, go to <https://hui.ehawaii.gov> to file your
Quarterly Wage Report, Quarterly Contribution and E&T Assessment Report
and pay your contributions online.

0001040197

Contribution Rate

3.20 %

10/1

E&T Rate

.01 %

1st Month 2nd Month 3rd Month

2 2 2

I CERTIFY THAT THE INFORMATION ON THIS REPORT IS TRUE AND CORRECT.

SIGNED BY: _____

PRINT NAME: X _____

TITLE: X _____

TELEPHONE NUMBER: X _____

DATE: X _____

6) TOTAL WAGES PAID THIS QUARTER	71760.00
7) EXCESS WAGES	37800 3800.00
8) NET TAXABLE WAGES	67960.00
9) CONTRIBUTIONS DUE	.0320 2174.72
10) E&T ASSESSMENT DUE	.0001 6.80
11) AMOUNT DUE	2181.52
12) OVERPAYMENT	.00
13) ADJUSTED CONTRIBUTIONS DUE	2181.52
14) PENALTY AND INTEREST	.00
15) TOTAL PAYMENT DUE	2181.52
16) TOTAL REMITTANCE	2181.52

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UI Contribution Calculator



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INDUSTRIAL RELATIONS





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Tax Rate Calculator

DISCLAIMER: This rate calculator is intended solely for estimation purposes only. Your actual rate will be determined in mid-March and a Contribution Rate Notice will be mailed.

To be eligible for experience rating, the account must have been chargeable with benefits for the 12-month period prior to the rate computations date (December 31). If an employer has **not** submitted Form UC-B6 for any of the prior year(s), the maximum rate of 5.4% will be assessed. New or newly liable employers who are not eligible for experience rating will receive the new employer rate.

Use the Contribution Rate Notice mailed in mid-March of every year to help with the estimation.

 Year 

UI Contribution Calculator



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INDUSTRIAL RELATIONS



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Tax Rate Calculator

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Use the Contribution Rate Notice mailed in mid-March of every year to help with the estimation.

Year	<input type="text" value="2010"/>	
Reserve as of 12/31/2008	\$ <input type="text"/>	←
? 2009 Contributions Paid	\$ <input type="text"/>	
? 2009 Benefits Charged	\$ <input type="text"/>	
? Annual Taxable Payroll		
2007	\$ <input type="text"/>	←
2008	\$ <input type="text"/>	←
2009	\$ <input type="text"/>	
<input type="button" value="Calculate"/>		<input type="button" value="Clear Form"/>


Calculating Your Contribution Rate



DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS



STATE OF HAWAII
DEPARTMENT OF
LABOR AND INDUSTRIAL RELATIONS
Hana Lokahi, Working Together



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Calculating Your Contribution Rate



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Calculating Your Contribution Rate



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Tax Rate Calculator

To be eligible for experience rating, the account must have been chargeable with benefits for the 12-month period prior to the rate computations date (December 31). If an employer has **not** submitted Form UC-B6 for any of the prior year(s), the maximum rate of 5.4% will be assessed. New or newly liable employers who are not eligible for experience rating will receive the new employer rate.

Use the Contribution Rate Notice mailed in mid-March of every year to help with the estimation.

	Year		
<u>Reserve Balance</u>	2010	<u>Annual Taxable Payroll</u>	
Reserve as of 12/31/2008	\$ 99,204.00	2007	\$ 1,719,523.00
? 2009 Contributions Paid	\$ 18,914.76	2008	\$ 1,400,200.00
? 2009 Benefits Charged	\$ 15,200.00	2009	\$ 2,100,500.00
? RESERVE BALANCE	\$ 102,918.76	TOTAL PAYROLL	\$ 5,220,223.00

[Reset](#)

$$\begin{aligned} & ? \text{ Reserve Balance} / ? \text{ Average Annual Taxable Payroll} = ? \text{ Reserve Ratio} \\ & \$102,918.76 / \$1,740,074.33 = \mathbf{0.0591} \end{aligned}$$

Contribution Rate Schedules



DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS

Contribution Rate Schedules* (rates in percentages)								
Reserve Ratio	A	B	C	D	E	F	G	H
.1500 and over	0.0	0.0	0.0	0.2	0.6	1.2	1.8	2.4
.1400 to .1499	0.0	0.0	0.1	0.4	0.8	1.4	2.0	2.6
.1300 to .1399	0.0	0.0	0.2	0.6	1.0	1.6	2.2	2.8
.1200 to .1299	0.0	0.1	0.4	0.8	1.2	1.8	2.4	3.0
.1100 to .1199	0.0	0.2	0.6	1.0	1.4	2.0	2.6	3.2
.1000 to .1099	0.1	0.3	0.8	1.2	1.6	2.2	2.8	3.4
.0900 to .0999	0.3	0.5	1.0	1.4	1.8	2.4	3.0	3.6
.0800 to .0899	0.5	0.7	1.2	1.6	2.0	2.6	3.2	3.8
.0700 to .0799	0.7	0.9	1.4	1.8	2.2	2.8	3.4	4.0
.0600 to .0699	0.9	1.1	1.6	2.0	2.4	3.0	3.6	4.2
.0500 to .0599	1.1	1.3	1.8	2.2	2.6	3.2	3.8	4.4
.0300 to .0499	1.3	1.5	2.0	2.6	3.0	3.6	4.2	4.8
.0000 to .0299	1.7	1.9	2.4	3.0	3.4	4.0	4.6	5.2
-.0000 to -.0499	2.1	2.3	2.8	3.4	3.8	4.4	5.0	5.4
-.0500 to -.0999	2.5	2.7	3.2	4.0	4.4	5.0	5.4	5.4
-.1000 to -.4999	2.9	3.1	3.6	4.6	5.0	5.4	5.4	5.4
-.5000 to -.9999	3.4	3.6	4.2	5.2	5.4	5.4	5.4	5.4
-1.0000 to -1.4999	4.1	4.2	4.8	5.4	5.4	5.4	5.4	5.4
-1.5000 to -1.9999	4.7	4.8	5.4	5.4	5.4	5.4	5.4	5.4
-2.0000 and less	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
*Your rate depends on the schedule for the rate year. The rate schedule is determined in December prior to the rate year.								



2010 UI Tax Projections

- Using QWRS software program
 - <http://hawaii.gov/labor/ui>
- Estimate Contributions Due
 - Enter Contribution Rate
 - Enter Taxable Wage Base
- Calculate Projected contributions Due